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SUBJECT: DIWANIYAH: HOPEFULNESS BUT UNCERTAINTY ABOUT THE NEW LEADERSHIP TEAM

REF: A. BAGHDAD 1283

IB. BAGHDAD 1259

Classified By: PRT Team Leader Michael Klecheski for reasons 1.4 (b) and (d).

¶11. (C) Summary: While Diwaniyah Province's public expects its new governing team to be an improvement over the ISCI-dominated leadership that preceded it, much of the citizenry remains to be convinced that things will improve significantly. Increasingly serious water problems are souring the public's mood, a fact that clearly worries the new leadership. Early on, the provincial government also has made attracting investors a focus. We offer this snapshot of the mood in the province early in the new government's term.
End Summary.

Uncertainty About the New Leadership

¶12. (C) As noted in reftels, Diwaniyah Province's new Governor, Salim Alwan, and Provincial Council (PC) leadership have begun their work with enthusiasm and a willingness to cooperate with the PRT. We detect a hope among the public that the new, more technocratic officials will improve somewhat over the performance of their more religiously focused predecessors, who hailed from ISCI. Indeed, ISCI's exclusion from the governing coalition seems to be welcomed by our contacts and, we believe, by those in the broader public who are aware of it. Nonetheless, the last government's weak performance has not inspired confidence that future ones can do much better, we were told, and reports that the budget for the province will be woefully inadequate relative to the huge problems are also discouraging expectations.

Worries About Water

¶13. (C) Above all, the mood is soured by massive water problems, our contacts agreed. Abdulameer Obais, a prominent businessman and former general who returned recently from self-exile in England (and who held out hope of becoming governor), told us that grave water shortages have forced him to leave half of his six thousand donum of farmland fallow. Though he has managed to invest in some wells, these address only the drinking water needs of those living on his land. Much of the rural population is moving to urban centers looking for work, Obais reported. Obais worried that this could help strengthen support for insurgents.

¶14. (SBU) Provincial authorities have sought to demonstrate activism on the issue. We have heard a chorus of voices, both in public and private, about the gravity of the situation, with Diwaniyah CoR member Sheikh Hussein Sha'alan (Iraqiyah) calling it "catastrophic" in a statement to the media. Sha'alan, underscoring that agriculture is at the core of the province's economy and that rice is at the core of the agricultural sector, said that Baghdad must do more to address the problem, above all by increasing the allocation

of water to the province. The PC Health Committee Chair told us that from his perspective, the water situation was most alarming for its implications for the province's already serious health problems.

¶5. (SBU) Governor Alwan announced plans to explore well-drilling along with an initiative to clean out sediment from rivers and canals. He and other provincial officials also urged that Baghdad press Turkey to increase the flow of water into Iraq. Further, provincial authorities reported that a Ukrainian company is considering investing in drilling wells in the province. Even if all these efforts succeed, however, our contacts believed that this would only lessen the severity of the water shortage somewhat, with the situation remaining extremely serious.

Attracting Investment
QAttracting Investment

¶6. (SBU) In his introductory conversation with us (reftels), the Governor had pointed to attracting investments as one of his priorities, and he has devoted effort to that early on. He installed a new official as head of the Provincial Investment Committee (even while retaining all the Directors General from the previous administration), and announced that he has written to numerous potential investors, both Iraqi and foreign, inviting them to consider investing^{QoQN}. |F9 &{Y}YQb=Q1M5 suggest that there is widespread hopefulness for an improvement over the previous provincial government. Locals also feel fortunate not to be burdened with the political problems in neighboring Najaf Province, although there are concerns about the security implications of those problems for Diwaniyah. Despite the broader hopefulness, however, it is useful to be reminded that locals' expectations remain muted, with uncertainty whether Diwaniyah's new leadership will really produce something appreciably better. The budget available to the province, as well as the lack of training and experience of many in the new administration, are major hindrances. But for the moment, all eyes are on how well that administration -- and the national government -- will tackle the province's water situation. End Comment.

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¶7. (C) A chance encounter we had with another investor offers some insights into how businessmen are exploring the Diwaniyah economy for opportunities. We met the potential investor, a Lebanese representing a Lebanese-Australian-Iraqi joint venture, when he came to a sheikh who had arranged for us to lunch with the new Provincial Council Chairman. The investor, who had hoped to strike up a personal relationship with the Chairman before a more formal meeting the next day, arrived late, after the Chairman's departure. His company was exploring constructing housing for a middle class whose ranks were growing in the province but who were finding inadequate housing of the quality they could now afford. Looking ahead to building housing in southern Iraq, the company had bought a brick factory in a neighboring province to ensure itself of a good, low-cost supply of bricks, we were told. Our interlocutor believed provinces like Diwaniyah offered an interesting prospect for investment, but he was quick to add that many questions remained to be answered, making his upcoming meeting with provincial authorities pivotal.

Comment

¶8. (C) We are encouraged by the new leaders' posture toward the PRT, and our conversations with well-connected locals suggest that there is widespread hopefulness for an improvement over the previous provincial government. Locals also feel fortunate not to be burdened with the political problems in neighboring Najaf Province, although there are concerns about the security implications of those problems

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